

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
OFFICIAL ROSTER  
June 30, 2014**

**COUNCIL:**

GARY L. WILLIAMS.....	Mayor
MARGIE MORALES.....	Councilor
JUDY MILLER. . . . .	Councilor
TOMMY HOOD.....	Councilor
L. DALE PERRY.....	Councilor

**ADMINISTRATION**

CAROL VIRDEN.....	City Clerk/Treasurer
MARY CASTANEDA.....	Finance Director

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City of Ruidoso Downs  
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## Financial Section

**Dan Austin CPA, PC  
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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, 2014, 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, 2014, 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, 2014, 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, 2014, 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*

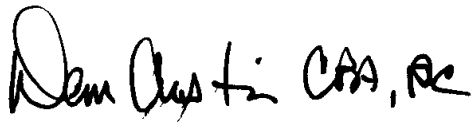
Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 8-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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, 2014 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, 2014



**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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, 2014. All amounts, unless otherwise indicated, are expressed in dollars.

**FINANCIAL HIGHLIGHTS**

The City's total net position increased by \$235,891 for the current year to \$24,014,354. The significant reasons for this increase were the positive operations from the City's governmental and utility operations. The Utility operation showed net increase \$112,001 and governmental operations increased \$123,890.

**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 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 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 36 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, 2014 and 2013. 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 12 for a more detailed look at the Statement of Net Position.

#### City of Ruidoso Downs Net Position

	Government Activities		Business-Type Activities		Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Current assets	\$ 2,823,211	\$ 2,680,017	\$ 2,266,781	\$ 1,959,781	\$ 5,089,992	\$ 4,639,798
Capital assets	10,351,735	10,399,243	10,524,945	10,721,768	20,876,680	21,121,011
Other noncurrent assets	-	-	75,619	75,124	75,619	75,124
<b>Total assets</b>	<b><u>\$ 13,174,946</u></b>	<b><u>\$ 13,079,260</u></b>	<b><u>\$ 12,867,345</u></b>	<b><u>\$ 12,756,673</u></b>	<b><u>\$ 26,042,291</u></b>	<b><u>\$ 25,835,933</u></b>
<b>Liabilities</b>						
Current liabilities	\$ 208,498	\$ 188,429	\$ 90,416	\$ 87,636	\$ 298,914	\$ 276,065
Noncurrent liabilities	1,112,000	1,138,109	403,296	407,405	1,515,296	1,545,514
<b>Total liabilities</b>	<b><u>1,320,498</u></b>	<b><u>1,326,538</u></b>	<b><u>493,712</u></b>	<b><u>495,041</u></b>	<b><u>1,814,210</u></b>	<b><u>1,821,579</u></b>
<b>Net Position</b>						
Invested in capital assets, net of related debt	10,378,797	10,399,243	5,366,932	5,541,953	15,745,729	15,941,196
Restricted	991,816	718,327	422,548	422,690	1,414,364	1,141,017
Unrestricted	483,835	635,152	6,584,153	6,296,989	7,067,988	6,932,141
<b>Total net position</b>	<b><u>11,854,448</u></b>	<b><u>11,752,722</u></b>	<b><u>12,373,633</u></b>	<b><u>12,261,632</u></b>	<b><u>24,228,081</u></b>	<b><u>24,014,354</u></b>
<b>Total Liabilities and net assets</b>	<b><u>\$ 13,174,946</u></b>	<b><u>\$ 13,079,260</u></b>	<b><u>\$ 12,867,345</u></b>	<b><u>\$ 12,756,673</u></b>	<b><u>\$ 26,042,291</u></b>	<b><u>\$ 25,835,933</u></b>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years June 30, 2014 and 2013. 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	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 228,532	\$ 289,159	\$ 1,028,815	\$ 1,129,947	\$ 1,257,347	\$ 1,419,106
Operating grants	2,108,918	2,120,857	83,717	391,113	2,192,635	2,511,970
Capital grants	-	-	-	-	-	-
General revenues:						
Taxes	2,081,115	2,061,947	576,594	-	2,657,709	2,061,947
Contributions received	125,000	-	-	-	125,000	-
Other	14,131	18,033	-	-	14,131	18,033
<b>Total revenues</b>	<b>4,557,696</b>	<b>4,489,996</b>	<b>1,689,126</b>	<b>1,521,060</b>	<b>6,246,822</b>	<b>6,011,056</b>
<b>Expenses:</b>						
General Government	\$ 1,672,609	\$ 1,262,197	\$ -	\$ -	\$ 1,672,609	\$ 1,262,197
Public safety	1,472,077	1,606,662	-	-	1,472,077	1,606,662
Highways and Streets	558,592	566,883	-	-	558,592	566,883
Culture and recreation	654,350	814,538	-	-	654,350	814,538
Other	74,443	80,513	-	-	74,443	80,513
Interest on Long-term debt	45,008	45,413	-	-	45,008	45,413
Joint water and sewer	-	-	1,265,991	1,088,771	1,265,991	1,088,771
Sanitation	-	-	266,134	266,202	266,134	266,202
<b>Total Expense</b>	<b>4,477,079</b>	<b>4,376,206</b>	<b>1,532,125</b>	<b>1,354,973</b>	<b>6,009,204</b>	<b>5,731,179</b>
<b>Net Assets</b>						
Increase in net assets before transfers	80,617	113,790	157,001	166,087	237,618	279,877
Transfers	45,000	(45,000)	(45,000)	45,000	-	-
Restatements	(23,891)	-	-	-	(23,891)	-
Net assets-beginning	11,752,722	11,683,932	12,261,632	12,050,545	24,014,354	23,734,477
<b>Net assets-ending</b>	<b>\$ 11,854,448</b>	<b>\$ 11,752,722</b>	<b>\$ 12,373,633</b>	<b>\$ 12,261,632</b>	<b>\$ 24,228,081</b>	<b>\$ 24,014,354</b>

### FUND FINANCIAL ANALYSIS

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. As of year-end, the governmental funds reported a fund balance of \$2,707,822, reflecting an increase in fund balance of \$116,688. Of this amount, \$1,727,082 is unrestricted for general operations of the City. See the balance sheet on page 16 for further detail. The most significant changes for the City's governmental funds was the decrease in fund balance of the General Fund of \$125,653. 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 \$112,001 for the year. See pages 20 and 21 for further details.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund experienced an decrease in fund balance in the amount of \$83,117 on a budgetary cash basis as June 30, 2014. Total revenues on a budgetary cash basis was \$3,194,917 while expenditures totaled \$3,205,342. The General Fund transferred \$72,692 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, 2014 amounts to \$16,119,552 (net of accumulated depreciation). This investment in capital assets consists of land, buildings, equipment and infrastructure.

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

**Long-Term Debt:** At the end of the current fiscal year, the City had total long-term debt outstanding of \$1,584,548 including current portion. The city added one new loan to assist utility operations in the amount of \$15,940. .

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

## ECONOMIC FACTORS

The General Fund budget for the year ended June 30, 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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 2,249,349	\$ 1,952,132	\$ 4,201,481
Receivables	544,213	152,333	696,546
Inventory	29,649	162,316	191,965
Other	-	-	-
Total Current Assets	<u>2,823,211</u>	<u>2,266,781</u>	<u>5,089,992</u>
<b>Noncurrent Assets</b>			
Restricted Assets (Cash)	-	75,619	75,619
Invested in Waste Water Treatment Plant	-	4,757,128	4,757,128
Net Capital Assets	<u>10,351,735</u>	<u>5,767,817</u>	<u>16,119,552</u>
Total Noncurrent Assets	<u>10,351,735</u>	<u>10,600,564</u>	<u>20,952,299</u>
Total Assets	<u>\$ 13,174,946</u>	<u>\$ 12,867,345</u>	<u>\$ 26,042,291</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 15,659	\$ 5,337	\$ 20,996
Accrued Payroll And Benefits	33,765	5,299	39,064
Accrued Compensated Absences	90,733	10,575	101,308
Interest Payable	18,341	200	18,541
Current Portion Of Long Term Debt	50,000	19,252	69,252
Customer Deposits	-	49,753	49,753
Total Current Liabilities	<u>208,498</u>	<u>90,416</u>	<u>298,914</u>
<b>Noncurrent Liabilities</b>			
Notes Payable	-	403,296	403,296
Bonds Payable	<u>1,112,000</u>	-	<u>1,112,000</u>
Total Noncurrent Liabilities	<u>1,112,000</u>	<u>403,296</u>	<u>1,515,296</u>
Total Liabilities	<u>1,320,498</u>	<u>493,712</u>	<u>1,814,210</u>
<b>Net Position</b>			
Net Investment in Capital Assets	10,378,797	5,366,932	15,745,729
Restricted For:			
Capital Projects	113,664	-	113,664
Special Revenue Funds	785,011	-	785,011
Debt Service	93,141	422,548	515,689
Unrestricted	<u>483,835</u>	<u>6,584,153</u>	<u>7,067,988</u>
Total Net Position	<u>11,854,448</u>	<u>12,373,633</u>	<u>24,228,081</u>
Total Liabilities And Net Position	<u>\$ 13,174,946</u>	<u>\$ 12,867,345</u>	<u>\$ 26,042,291</u>

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

State of New Mexico  
City of Ruidoso Downs  
Statement of Activities  
For The Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>						
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 1,672,609	\$ 24,495	\$ 2,108,918	\$ 460,804	\$ -	\$ 460,804
Public Safety	1,472,077	62,658	-	(1,409,419)	-	(1,409,419)
Highways and Streets	558,592	-	-	(558,592)	-	(558,592)
Culture And Recreation	654,350	141,379	125,000	(387,971)	-	(387,971)
Other	74,443	-	-	(74,443)	-	(74,443)
Interest On Long-Term Debt	45,008	-	-	(45,008)	-	(45,008)
Total Governmental Activities	4,477,079	228,532	2,233,918	(2,014,629)	-	(2,014,629)
<b>Business-Type Activities:</b>						
Joint Water And Sewer Sanitation	1,265,991	834,858	83,717	-	(347,416)	(347,416)
	266,134	193,957	-	-	(72,177)	(72,177)
Total Business-Type Activities	1,532,125	1,028,815	83,717	-	(419,593)	(419,593)
Total Primary Government	\$ 6,009,204	\$ 1,257,347	\$ 2,317,635	\$ (2,014,629)	(419,593)	(2,434,222)
<b>General Revenues:</b>						
Property Taxes, Levied for General Purposes				314,237	-	314,237
Property Taxes, Levied for Debt Service Purposes				93,141	-	93,141
Franchise Taxes				69,708	-	69,708
Gross Receipts Tax, Levied for General Purposes				1,300,542	-	1,300,542
Gross Receipts Tax, Levied for Infrastructure				126,666	-	126,666
Gas Tax				13,346	-	13,346
Lodgers Tax				163,475	-	163,475
Environmental Gross Receipts				-	576,594	576,594
Licenses And Permits				14,131	-	14,131
Interfund Transfers				45,000	(45,000)	-
Total General Revenues				2,140,246	531,594	2,671,840
Change In Net Position				125,617	112,001	237,618
Net Position - Beginning Restatement				11,752,722	12,261,632	24,014,354
				(23,891)	-	(23,891)
Net Position - Beginning Restated				11,728,831	12,261,632	23,990,463
Net Position - Ending				\$ 11,854,448	\$ 12,373,633	\$ 24,228,081

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, 2014

	General Fund	Museum Fund	Debt Service Fund	Non Major Governmental Funds	Totals Governmental Funds
<b>Assets</b>					
Cash	\$ 1,322,228	\$ 53,232	\$ 82,065	\$ 791,824	\$ 2,249,349
Taxes Receivable	495,322	-	15,419	33,472	544,213
Inventory	-	29,649	-	-	29,649
<b>Total Assets</b>	<b><u>\$ 1,817,550</u></b>	<b><u>\$ 82,881</u></b>	<b><u>\$ 97,484</u></b>	<b><u>\$ 825,296</u></b>	<b><u>\$ 2,823,211</u></b>
<b>Liabilities</b>					
Accounts Payable	\$ 11,433	\$ 4,226	\$ -	\$ -	\$ 15,659
Accrued Payroll And Benefits	30,024	3,741	-	-	33,765
Deferred Revenue -Property Tax	49,011	-	15,419	1,535	65,965
<b>Total Liabilities</b>	<b><u>90,468</u></b>	<b><u>7,967</u></b>	<b><u>15,419</u></b>	<b><u>1,535</u></b>	<b><u>115,389</u></b>
<b>Fund Balances</b>					
<b>Restricted For:</b>					
General Fund	-	-	-	-	-
Special Revenue	-	74,914	-	710,097	785,011
Capital Projects	-	-	-	113,664	113,664
Debt Service	-	-	82,065	-	82,065
<b>Unassigned For:</b>					
General Fund	<u>1,727,082</u>	-	-	-	<u>1,727,082</u>
<b>Total Fund Balances</b>	<b><u>1,727,082</u></b>	<b><u>74,914</u></b>	<b><u>82,065</u></b>	<b><u>823,761</u></b>	<b><u>2,707,822</u></b>
<b>Total Liabilities deferred inflows of Resources and Fund Balances</b>	<b><u>\$ 1,817,550</u></b>	<b><u>\$ 82,881</u></b>	<b><u>\$ 97,484</u></b>	<b><u>\$ 825,296</u></b>	<b><u>\$ 2,823,211</u></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, 2014**

Total Governmental Fund Balance	\$ 2,707,822
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.	10,351,735
Deferred property tax revenue on governmental funds is recognized as current income on government wide statements	65,965
Compensated absences payable not reported as liabilities on the governmental fund statements	(90,733)
Interest payable not reported as a liability on the governmental fund statements	(18,341)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,162,000)</u>
Net Position of Governmental Activities	<u>\$ 11,854,448</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, 2014

	General Fund	Museum Fund	Debt Service Fund	Non Major Governmental Funds	Totals Governmental Funds
<b>Revenues</b>					
Taxes	\$ 1,663,436	\$ -	\$ 93,141	\$ 303,487	\$ 2,060,064
Licenses And Permits	14,131	-	-	-	14,131
Intergovernmental-State	1,368,234	-	-	442,906	1,811,140
Intergovernmental-Federal	-	-	-	246,511	246,511
Charges For Services	3,347	-	-	21,148	24,495
Fines And Forfeitures	56,675	-	-	5,983	62,658
Contributions and Sales	-	266,379	-	-	266,379
Miscellaneous	51,267	-	-	-	51,267
<b>Total Revenues</b>	<b>3,157,090</b>	<b>266,379</b>	<b>93,141</b>	<b>1,020,035</b>	<b>4,536,645</b>
<b>Expenditures</b>					
General Government	1,240,095	-	3,892	132,528	1,376,515
Public Safety	1,301,881	-	-	81,893	1,383,774
Highway And Streets	447,056	-	-	19,537	466,593
Culture And Recreation	146,576	429,537	-	19,300	595,413
Other	74,443	-	-	-	74,443
Capital Outlay	-	-	-	475,503	475,503
Debt Service-Principal	-	-	47,000	-	47,000
-Interest	-	-	45,716	-	45,716
<b>Total Expenditures</b>	<b>3,210,051</b>	<b>429,537</b>	<b>96,608</b>	<b>728,761</b>	<b>4,464,957</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>(52,961)</b>	<b>(163,158)</b>	<b>(3,467)</b>	<b>291,274</b>	<b>71,688</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers, Net	(72,692)	218,000	-	(100,308)	45,000
<b>Total Other Financing Sources (Uses)</b>	<b>(72,692)</b>	<b>218,000</b>	<b>-</b>	<b>(100,308)</b>	<b>45,000</b>
<b>Net Change in Fund Balances</b>	<b>(125,653)</b>	<b>54,842</b>	<b>(3,467)</b>	<b>190,966</b>	<b>116,688</b>
<b>Fund Balance (Deficit)</b>					
At Beginning Of Year	1,852,735	20,072	85,532	632,795	2,591,134
<b>Fund Balance (Deficit) At End Of Year</b>	<b>\$ 1,727,082</b>	<b>\$ 74,914</b>	<b>\$ 82,065</b>	<b>\$ 823,761</b>	<b>\$ 2,707,822</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 the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds to**  
**the Statement of Activities**  
**June 30, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ 116,688

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	\$ 281,059	
Depreciation Expense	<u>(328,567)</u>	(47,508)

Property taxes recorded as deferred revenue on the governmental funds are recognized as current revenue on the government wide statements	21,051
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Net change in compensated absences payable for governmental funds	(12,322)
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Change in Interest payable	708
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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	\$ -	
Principal payments on Bonds Payable	<u>47,000</u>	<u>47,000</u>

Change in Net Position of Governmental Activities	<u>\$ 125,617</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, 2014**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 1,747,752	\$ 1,768,173	\$ 1,682,349	\$ (85,824)
Licenses And Permits	15,025	15,320	14,131	(1,189)
Intergovernmental	1,398,824	1,453,824	1,387,148	(66,676)
Charges For Services	4,356	5,296	3,346	(1,950)
Fines	66,988	69,022	56,675	(12,347)
Other	52,944	67,729	51,268	(16,461)
Total Revenue	3,285,889	3,379,364	<u>3,194,917</u>	<u>\$ (184,447)</u>
Budgeted Cash Balance	<u>1,404,373</u>	<u>1,404,373</u>		
Total Revenue And Cash	<u>\$ 4,690,262</u>	<u>\$ 4,783,737</u>		
<b>EXPENDITURES</b>				
Current				
General Government	1,272,926	1,299,864	1,240,231	59,633
Public Safety	1,241,768	1,486,802	1,299,847	186,955
Highways And Streets	508,412	508,501	444,731	63,770
Culture And Recreation	157,263	157,818	146,090	11,728
Other	70,500	80,500	74,443	6,057
Total Expenditures	3,250,869	3,533,485	3,205,342	328,143
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers (Net)	<u>12,144</u>	<u>(72,692)</u>	<u>(72,692)</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 3,238,725</u>	<u>\$ 3,606,177</u>	3,278,034	<u>\$ 328,143</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(83,117)	
Reconciliation to GAAP Basis				
Changes in Receivables			(22,214)	
Changes in Deferred Income			(15,613)	
Changes in Accrued Payroll			(4,709)	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (125,653)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Charges For Services	\$ 151,900	\$ 141,231	\$ 141,231	\$ -
Intergovernmental	-	-	-	-
Contributions and Sales	176,500	125,149	125,148	(1)
Investment Income	5,000	5,000	-	(5,000)
	<u>333,400</u>	<u>271,380</u>	<u>266,379</u>	<u>\$ (5,001)</u>
Total Revenue				
Budgeted Cash Balance	<u>3,673</u>	<u>3,673</u>		
Total Revenue And Cash	<u>\$ 337,073</u>	<u>\$ 275,053</u>		
<b>EXPENDITURES</b>				
Current				
Operating Expenses	475,012	458,562	435,669	22,893
Capital Outlay	-	-	-	-
	<u>475,012</u>	<u>458,562</u>	<u>435,669</u>	<u>22,893</u>
Total Expenditures				
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers (Net)	<u>218,000</u>	<u>218,000</u>	<u>218,000</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 257,012</u>	<u>\$ 240,562</u>	<u>217,669</u>	<u>\$ 22,893</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			48,710	
Reconciliation to GAAP Basis				
Changes in Inventory			7,555	
Reclass Deferred Revenue			-	
Changes in Accounts Payable			(994)	
Changes in Accrued Payroll			(429)	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 54,842</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, 2014

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 1,910,673	\$ 41,459	\$ 1,952,132
Restricted Cash	75,619	-	75,619
Customer Accounts Receivable, Net of Allowance For Doubtful Accounts	124,973	27,360	152,333
Inventory	<u>162,316</u>	<u>-</u>	<u>162,316</u>
Total Current Assets	2,273,581	68,819	2,342,400
<b>NONCURRENT ASSETS</b>			
Net Capital Assets	5,767,817	-	5,767,817
Investment in Waste Water Treatment Plant	<u>4,757,128</u>	<u>-</u>	<u>4,757,128</u>
Total Assets	<u>\$ 12,798,526</u>	<u>\$ 68,819</u>	<u>\$ 12,867,345</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 5,337	\$ -	\$ 5,337
Accrued Payroll Expense	5,299	-	5,299
Accrued Compensated Absences	10,575	-	10,575
Current Portion Of Notes Payable	19,252	-	19,252
Accrued Interest Payable	200	-	200
Customer Deposits	<u>49,753</u>	<u>-</u>	<u>49,753</u>
Total Current Liabilities	<u>90,416</u>	<u>-</u>	<u>90,416</u>
<b>NONCURRENT LIABILITIES</b>			
Notes Payable	<u>403,296</u>	<u>-</u>	<u>403,296</u>
Total Noncurrent Liabilities	<u>403,296</u>	<u>-</u>	<u>403,296</u>
Total Liabilities	<u>493,712</u>	<u>-</u>	<u>493,712</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,366,932	-	5,366,932
Restricted For:			
Debt Service	422,548	-	422,548
Unrestricted	<u>6,584,153</u>	<u>68,819</u>	<u>6,652,972</u>
Total Net Position	<u>12,373,633</u>	<u>68,819</u>	<u>12,442,452</u>
Total Liabilities And Net Position	<u>\$ 12,867,345</u>	<u>\$ 68,819</u>	<u>\$ 12,936,164</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, 2014**

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>			
Charges For Services-Water	\$ 475,548	\$ -	\$ 475,548
Charges For Services-Sewer	359,310	-	359,310
Charges For Services-Sanitation	-	193,957	193,957
<b>Total Operating Revenues</b>	<u>834,858</u>	<u>193,957</u>	<u>1,028,815</u>
<b>OPERATING EXPENSES</b>			
Personal Services	425,547	-	425,547
Operations And Maintenance	625,517	-	625,517
Depreciation	196,823	266,134	462,957
<b>Total Operating Expenses</b>	<u>1,247,887</u>	<u>266,134</u>	<u>1,514,021</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(413,029)</u>	<u>(72,177)</u>	<u>(485,206)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Miscellaneous	83,717	-	83,717
EGR Tax	526,697	49,897	576,594
Interest Expense	(18,104)	-	(18,104)
<b>Total Non-Operating Items</b>	<u>592,310</u>	<u>49,897</u>	<u>642,207</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	179,281	(22,280)	157,001
<b>TRANSFERS IN (OUT)</b>	<u>(70,000)</u>	<u>25,000</u>	<u>(45,000)</u>
Change In Net Position	109,281	2,720	112,001
<b>TOTAL NET POSITION AT BEGINNING OF YEAR</b>	<u>12,195,533</u>	<u>66,099</u>	<u>12,261,632</u>
<b>TOTAL NET POSITION AT END OF YEAR</b>	<u>\$ 12,304,814</u>	<u>\$ 68,819</u>	<u>\$ 12,373,633</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, 2014**

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received From Customers	\$ 828,398	\$ 194,992	\$ 1,023,390
Cash Paid To Suppliers	(624,331)	(266,134)	(890,465)
Cash Paid To Employees	(427,898)	-	(427,898)
Net Cash Provided By Operating Activities	<u>(223,831)</u>	<u>(71,142)</u>	<u>(294,973)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received From EGRT	526,697	49,897	576,594
Cash received From Non Capital Grants	83,717	-	83,717
Capital Transfers - Other Funds	(70,000)	25,000	(45,000)
Net Cash Provided From Noncapital Financing Activities	<u>540,414</u>	<u>74,897</u>	<u>615,311</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal Paid On Capital Debt	(16,079)	-	(16,079)
Proceeds form Debt Financing	15,940	-	15,940
Interest on Capital Debt	(18,104)	-	(18,104)
Net Cash Used For Capital And Related Financing Activities	<u>(18,243)</u>	<u>-</u>	<u>(18,243)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Capital Assets	-	-	-
Net Cash Provided From Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase In Cash	298,340	3,755	302,095
Cash and Cash Equivalents - Beginning Of Year	1,687,952	37,704	1,725,656
Cash and Cash Equivalents - End Of Year	<u>\$ 1,986,292</u>	<u>\$ 41,459</u>	<u>\$ 2,027,751</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (413,029)	\$ (72,177)	\$ (485,206)
Noncash Items In Net Income-Depreciation	196,823	-	196,823
(Increase) Decrease In:	(13,383)		
Accounts Receivable	-	1,035	1,035
Inventory	6,948	-	6,948
Increase (Decrease) In:			
Accounts Payable	1,186	-	1,186
Accrued Interest	(25)	-	(25)
Accrued Payroll And Benefits	(2,351)	-	(2,351)
Net Cash Provided (Used) By Operating Activities	<u>\$ (223,831)</u>	<u>\$ (71,142)</u>	<u>\$ (281,590)</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, 2014**

**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, 2014**

**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, 2014**

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.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Proprietary Funds**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Budgets**

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

**E. Cash and Cash Equivalents**

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

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
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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.

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

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

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

**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 are 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.

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**M. Inventory**

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

**N. Encumbrances**

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

**NOTE 2. LEGAL COMPLIANCE - BUDGETS**

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

Prior to June 1, the City administration submits to the City 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, 2014.

**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 \$4,277,100 and the bank balances were \$4,452,277.

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,

**STATE OF NEW MEXICO  
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JUNE 30, 2014**

or c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

At June 30, 2014, none of the \$4,452,227 of the City's bank balance was exposed to custodial credit risk as follows:

	<u>In Banks</u>
Total Deposits at Depository or Invested	\$ 4,452,227
Less: FDIC Insurance	<u>(250,000)</u>
Uninsured public funds	4,202,227
Letter of Credit Coverage	(5,000,000)
Pledged collateral held by depository trust department but not in City's name	<u>-</u>
(Over) Under Uninsured and uncollateralized	<u>\$ (797,773)</u>

See page 59 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, 2014 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	\$ 78,411	\$ 91,453	\$ 79,131	\$ 90,733	\$ 90,733
Business Type Activities	13,233	10,750	13,408	10,575	10,575
	<u>\$ 91,644</u>	<u>\$ 102,203</u>	<u>\$ 92,539</u>	<u>\$ 101,308</u>	<u>\$ 101,308</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.

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CITY OF RUIDOSO DOWNS  
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**NOTE 5. LONG-TERM DEBT**

Long-term debt transactions are as follows:

	Balance 6/30/13	Additions	(Reductions)	Balance 6/30/14	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	\$ 1,209,000	\$ -	\$ (47,000)	\$ 1,162,000	\$ 50,000
<b>Total Long-Term Obligations</b>	<b>\$ 1,209,000</b>	<b>\$ -</b>	<b>\$ (47,000)</b>	<b>\$ 1,162,000</b>	<b>\$ 50,000</b>
<b>Business Type Activities:</b>					
<b>4.75% Revenue Bond, payable to USDA Rural Development in various annual principle amounts plus accrued interest, maturing June, 2038</b>					
	\$ 322,001	\$ -	\$ (8,000)	\$ 314,001	\$ 8,000
<b>2% Note, payable to the NM Environment Depart. to Fund Improvements to the Regional Waste Water treatment. Secured by ERGT Revenues. Matures 6/2029.</b>					
	91,686	-	(4,282)	87,404	4,455
<b>5% Note Payable, held by GE Capital, Payable in annual payments of \$3,000, plus interest due in June 2015.</b>					
	9,000		(3,000)	6,000	6,000
<b>0% Note Payable, held by NM Finance Authority, Payable in annual payments of \$797, and matures June, 2033</b>					
	-	15,940	(797)	15,143	797
	<u>422,687</u>	<u>15,940</u>	<u>(16,079)</u>	<u>422,548</u>	<u>19,252</u>
<b>Total Long-Term Obligations</b>	<b>\$ 1,631,687</b>	<b>\$ 15,940</b>	<b>\$ (63,079)</b>	<b>\$ 1,584,548</b>	<b>\$ 69,252</b>

See Note 4 for disclosure of compensated absences.

The annual requirements to amortize principal and interest on all debt outstanding as of June 30, 2014, is as follows:

	Principal	Interest	Total
2015	\$ 69,165	\$ 60,327	\$ 129,492
2016	68,252	58,001	126,253
2017	73,341	55,514	128,855
2018	78,431	49,188	127,619
2019	83,525	49,874	133,399
2020-2024	504,080	185,067	689,147
2025-2029	545,392	84,538	629,930
2030-2034	102,062	27,260	129,322
2035-2037	60,000	902	60,902
<b>Total</b>	<b>\$ 1,584,248</b>	<b>\$ 570,671</b>	<b>\$ 2,154,919</b>



**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
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JUNE 30, 2014**

**NOTE 6. 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.

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 7. 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 8. CONTINGENT LIABILITIES**

The wastewater treatment plant, discussed in Note6, 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.

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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 9. 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 10. 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, 2014, 2013, and 2012 were \$175,402, \$196,822, and \$200,553, respectively, equal to the amount of the required contributions for each year.

**NOTE 11. 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, 2014, all uncollected taxes are considered delinquent.

**NOTE 12. 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, 2014

NOTE 13. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 6/30/13	Additions	(Reductions)	Balance 6/30/14
<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>-</u>	<u>-</u>	<u>5,728,269</u>
Capital Assets Being depreciated:				
Buildings and improvements	3,030,822	8,990	-	3,039,812
Streets and other infrastructure	2,458,557	-	-	2,458,557
Equipment	2,542,207	272,069	(35,324)	2,778,952
Total capital assets being depreciated	<u>8,031,586</u>	<u>281,059</u>	<u>(35,324)</u>	<u>8,277,321</u>
Less: accumulated depreciation for				
Buildings and improvements	814,843	55,612	-	870,455
Streets and other infrastructure	190,644	25,350	-	215,994
Equipment	2,355,125	247,605	(35,324)	2,567,406
Total accumulated depreciation	<u>3,360,612</u>	<u>328,567</u>	<u>(35,324)</u>	<u>3,653,855</u>
Total capital assets being depreciated, net	4,670,974	(47,508)	-	4,623,466
Government activity capital assets, net	<u>\$ 10,399,243</u>	<u>\$ (47,508)</u>	<u>\$ -</u>	<u>\$ 10,351,735</u>
<b>Business Type Activities:</b>				
Capital Assets not being Depreciated				
Land and Water Rights	\$ 1,194,275	\$ -	\$ -	\$ 1,194,275
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>1,194,275</u>	<u>-</u>	<u>-</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	980,470	-	(232,168)	748,302
Total capital assets being depreciated	<u>7,393,317</u>	<u>-</u>	<u>(232,168)</u>	<u>7,161,149</u>
Less: accumulated depreciation for				
Buildings and improvements	34,582	1,381	-	35,963
Distribution Systems	1,907,520	123,250	-	2,030,770
Equipment	680,850	72,192	(232,168)	520,874
Total accumulated depreciation	<u>2,622,952</u>	<u>196,823</u>	<u>(232,168)</u>	<u>2,587,607</u>
Total capital assets being depreciated, net	4,770,365	(196,823)	-	4,573,542
Business-type activity capital assets, net	<u>\$ 5,964,640</u>	<u>\$ (196,823)</u>	<u>\$ -</u>	<u>\$ 5,767,817</u>
Governmental activity depreciation was charged to functions as follows:				
General Government	\$ 90,452			
Public Safety	75,376			
Highway and Streets	84,421			
Culture and recreation	51,256			
Total depreciation	<u>\$ 301,505</u>			

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 14. 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		\$ (72,692)
	Museum	218,000
Local Government		(116,599)
	Street Improvement	111,548
Gas Tax		(13,304)
Lincoln county Transit		(14,992)
Lodger's Tax		(136,961)
Infrastructure		(40,000)
	CDGB Grant Fund	20,000
	Colonias Grant	90,000
	Water/Sewer/Sanitaiton	(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 16. SUBSEQUENT ACCOUNTING STANDARDS PRONOUNCEMENTS**

Statement No. 67, Financial Reporting for Pension Plans. This statement also amends Statement No. 25. Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50. Pension Disclosures, as they relate to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for the fiscal years beginning after June 15, 2013 with earlier application encouraged. The City has reviewed the statement and has determined that this does not apply to the City.

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27. Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The City is reviewing the effects of the implementation of this statement.

Statement No. 69. Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

and should be applied on a prospective basis. The City has reviewed the statement and has determined that this does not apply to the City.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The City has reviewed the statement and has determined that this does not apply to the City.

**Note 17 SUBSEQUENT REVIEW**

The City of Ruidoso Downs has evaluated the subsequent events through November 15, 2014 which is the date the statements were available for issuance.

**Note 18 RESTATEMENTS**

GASB 65 requires governments entities to restate its government-wide financial statements to comply with its requirements to expend bond issuance cost in the year of bond origination instead of amortizing the costs over the life of the bond. The District is restating its beginning net position on page 10 to comply with this GASB statement.

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Expenditures -- By Department -- General Fund**  
**For The Year Ended June 30, 2014**

**GENERAL GOVERNMENT**

Legislative	\$ 49,554
Judicial	170,246
Elections	3,035
Legal	222,157
Finance and Administration	523,306
Planning	218,590
Code Enforcement	<u>53,207</u>
Total General Government	1,240,095

**PUBLIC SAFETY**

Public Safety	1,137,505
Fire Department	74,361
Animal Control	<u>90,015</u>
Total Public Safety	1,301,881

**CULTURE AND RECREATION**

Parks and Recreation	139,406
Senior Citizens	<u>7,170</u>
Total Culture and Recreation	146,576

**HIGHWAYS AND STREETS**

Street Department	348,824
Mechanical	<u>98,232</u>
Total Highway and Streets	447,056

**OTHER**

	<u>74,443</u>
<b>Total General Fund Expenditures</b>	<u><u>\$ 3,210,051</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, 2014**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>				
Legislative	\$ 56,561	\$ 56,689	\$ 50,185	6,504
Judicial	177,038	177,038	171,049	5,989
Elections	3,365	3,365	3,035	330
Legal	246,665	249,080	222,157	26,923
Finance and Administration	528,768	536,757	522,844	13,913
Planning	203,690	220,096	217,942	2,154
Code Enforcement	56,839	56,839	53,019	3,820
<b>Total General Government</b>	<u>1,272,926</u>	<u>1,299,864</u>	<u>1,240,231</u>	<u>59,633</u>
<b>PUBLIC SAFETY</b>				
Public Safety	1,104,757	1,319,618	1,136,052	183,566
Fire Department	70,954	74,285	73,976	309
Animal Control	66,057	92,899	89,819	3,080
<b>Total Public Safety</b>	<u>1,241,768</u>	<u>1,486,802</u>	<u>1,299,847</u>	<u>186,955</u>
<b>CULTURE AND RECREATION</b>				
Parks and Recreation	147,063	147,380	138,920	8,460
Senior Citizens	10,200	10,438	7,170	3,268
<b>Total Culture and Recreation</b>	<u>157,263</u>	<u>157,818</u>	<u>146,090</u>	<u>11,728</u>
<b>HIGHWAYS AND STREETS</b>				
Street Department	423,628	407,850	348,697	59,153
Mechanical	84,784	100,651	96,034	4,617
<b>Total Highway and Streets</b>	<u>508,412</u>	<u>508,501</u>	<u>444,731</u>	<u>63,770</u>
<b>OTHER</b>				
	70,500	80,500	74,443	6,057
<b>Total General Fund Expenditures</b>	<u>\$ 3,250,869</u>	<u>\$ 3,533,485</u>	<u>\$ 3,205,342</u>	<u>\$ 328,143</u>

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

## NON MAJOR 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.

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

**Colonias Grant** -- To To account for the City's State Funded capital projects funded by special appropriation.



State of New Mexico  
 City of Ruidoso Downs  
 Combining Balance Sheet -- Nonmajor Funds  
 June 30, 2014

	Local Government		Judicial Education		Court Automation		Lincoln Co. Transit		Emergency Medical Services		Street Improvement		Gas Tax Road		Fire Protection		FEMA		Law Enforcement Protection		Lodgers Tax		Recreation		Infrastruct		CDGB Grant		Colonias Grant		Totals
	Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		
<b>ASSETS</b>																															
Cash In Bank	\$ 19,206	\$ 265	\$ 578	\$ 18,744	\$ 1	\$ 248,557	\$ 2	\$ 18,235	\$ 23,116	\$ 5,035	\$ 139,123	\$ 8,353	\$ 196,945	\$ 23,664	\$ 90,000	\$ 791,824															
Taxes Receivable	-	-	-	-	-	-	2,241	-	-	-	9,183	-	22,048	-	-	33,472															
Grants Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
<b>Total Assets</b>	<b>\$ 19,206</b>	<b>\$ 265</b>	<b>\$ 578</b>	<b>\$ 18,744</b>	<b>\$ 1</b>	<b>\$ 248,557</b>	<b>\$ 2,243</b>	<b>\$ 18,235</b>	<b>\$ 23,116</b>	<b>\$ 5,035</b>	<b>\$ 148,306</b>	<b>\$ 8,353</b>	<b>\$ 218,993</b>	<b>\$ 23,664</b>	<b>\$ 90,000</b>	<b>\$ 825,296</b>															

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>																																
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																
Accrued Payroll Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																
<b>Total Liabilities</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>FUND BALANCE</b>																																
Restricted	19,206	265	578	17,209	1	248,557	2,243	18,235	23,116	5,035	148,306	8,353	218,993	23,664	90,000	823,761																
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																
<b>Total Fund Balance</b>	<b>19,206</b>	<b>265</b>	<b>578</b>	<b>17,209</b>	<b>1</b>	<b>248,557</b>	<b>2,243</b>	<b>18,235</b>	<b>23,116</b>	<b>5,035</b>	<b>148,306</b>	<b>8,353</b>	<b>218,993</b>	<b>23,664</b>	<b>90,000</b>	<b>823,761</b>																
<b>Total Liabilities And Fund Balance</b>	<b>\$ 19,206</b>	<b>\$ 265</b>	<b>\$ 578</b>	<b>\$ 18,744</b>	<b>\$ 1</b>	<b>\$ 248,557</b>	<b>\$ 2,243</b>	<b>\$ 18,235</b>	<b>\$ 23,116</b>	<b>\$ 5,035</b>	<b>\$ 148,306</b>	<b>\$ 8,353</b>	<b>\$ 218,993</b>	<b>\$ 23,664</b>	<b>\$ 90,000</b>	<b>\$ 825,296</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 Funds  
 For The Year Ended June 30, 2014

	Local										Totals				
	Government Correction Fund	Judicial Education Fund	Court Automation Fund	Lincoln Co. Transit Fund	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Enforcement Protection Fund		Lodgers Tax Fund	Recreation Fund	Infrastructure Fund	CDGB Grant Fund
<b>REVENUES</b>															
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,346	\$ -	\$ -	\$ -	\$ 163,475	\$ -	\$ 126,666	\$ -	\$ 303,487
Intergovernmental-State	18,373	2,762	-	144,768	7,895	-	-	70,858	-	24,200	-	-	-	174,050	442,906
Intergovernmental-Federal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges For Services	-	-	-	21,148	-	-	-	-	-	-	-	-	246,511	-	246,511
Fines And Forfeits	-	-	5,983	-	-	-	-	-	-	-	-	-	-	-	21,148
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,983
<b>Total Revenues</b>	<b>18,373</b>	<b>2,762</b>	<b>5,983</b>	<b>165,916</b>	<b>7,895</b>	<b>-</b>	<b>13,346</b>	<b>70,858</b>	<b>-</b>	<b>24,200</b>	<b>163,475</b>	<b>-</b>	<b>126,666</b>	<b>174,050</b>	<b>1,020,035</b>
<b>EXPENDITURES</b>															
Current:															
General Government	-	-	-	132,528	-	-	-	-	-	-	-	-	-	-	132,528
Public Safety	17,742	2,924	6,314	-	7,894	-	-	46,908	-	111	-	-	-	-	81,893
Highways And Streets	-	-	-	-	-	19,537	-	-	-	-	-	-	-	-	19,537
Culture, Recreation and Promotion	-	-	-	-	-	-	-	-	-	-	19,300	-	-	-	19,300
Capital Outlay	-	-	-	-	-	-	-	20,739	-	21,263	-	-	-	174,050	475,503
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>17,742</b>	<b>2,924</b>	<b>6,314</b>	<b>132,528</b>	<b>7,894</b>	<b>19,537</b>	<b>-</b>	<b>67,647</b>	<b>-</b>	<b>21,374</b>	<b>19,300</b>	<b>-</b>	<b>259,451</b>	<b>174,050</b>	<b>728,761</b>
Excess (Deficiency) Of Revenues Over Expenditures	631	(162)	(331)	33,388	1	(19,537)	13,346	3,211	-	2,826	144,175	-	126,666	(12,940)	291,274
<b>OTHER FINANCING SOURCES (USES):</b>															
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers	(116,599)	-	-	(14,992)	-	111,548	(13,304)	-	-	-	(136,961)	-	(40,000)	20,000	(100,308)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Sources</b>	<b>(116,599)</b>	<b>-</b>	<b>-</b>	<b>(14,992)</b>	<b>-</b>	<b>111,548</b>	<b>(13,304)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(136,961)</b>	<b>-</b>	<b>(40,000)</b>	<b>20,000</b>	<b>(100,308)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(115,968)</b>	<b>(162)</b>	<b>(331)</b>	<b>18,396</b>	<b>1</b>	<b>92,011</b>	<b>42</b>	<b>3,211</b>	<b>-</b>	<b>2,826</b>	<b>7,214</b>	<b>-</b>	<b>86,666</b>	<b>7,060</b>	<b>190,966</b>
<b>FUND BALANCE AT BEGINNING 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>16,604</b>	<b>632,795</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 19,206</b>	<b>\$ 265</b>	<b>\$ 578</b>	<b>\$ 17,209</b>	<b>\$ 1</b>	<b>\$ 248,557</b>	<b>\$ 2,243</b>	<b>\$ 18,235</b>	<b>\$ 23,116</b>	<b>\$ 5,035</b>	<b>\$ 148,306</b>	<b>\$ 8,353</b>	<b>\$ 218,993</b>	<b>\$ 23,664</b>	<b>\$ 823,761</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 Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental: Miscellaneous	\$ 35,000	\$ 35,000	\$ 18,373	\$ 16,627
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	35,000	35,000	<u>18,373</u>	<u>\$ 16,627</u>
Budgeted Cash Balance	<u>135,174</u>	<u>135,174</u>		
Total Revenue And Cash	<u>\$ 170,174</u>	<u>\$ 170,174</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 21,509	\$ 21,668	\$ 17,742	\$ 3,926
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	21,509	21,668	17,742	3,926
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>(116,599)</u>	<u>(116,599)</u>
Total Expenditures And Other Financing Sources	<u>\$ 21,509</u>	<u>\$ 21,668</u>	<u>134,341</u>	<u>\$ 120,525</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(115,968)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (115,968)</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 Fund  
For The Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental:				
Miscellaneous	\$ 5,400	\$ 5,400	\$ 2,762	\$ 2,638
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	5,400	5,400	<u>2,762</u>	<u>\$ 2,638</u>
Budgeted Cash Balance	<u>427</u>	<u>427</u>		
Total Revenue And Cash	<u>\$ 5,827</u>	<u>\$ 5,827</u>		
<b>EXPENDITURES</b>				
Public safety	\$ 5,400	\$ 5,830	\$ 2,924	\$ 2,906
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	5,400	5,830	2,924	2,906
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 5,400</u>	<u>\$ 5,830</u>	<u>2,924</u>	<u>\$ 2,906</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(162)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (162)</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 Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 10,950	\$ 10,950	\$ 5,983	\$ 4,967
Miscellaneous	-	-	-	-
Total Revenue	<u>10,950</u>	<u>10,950</u>	<u>5,983</u>	<u>\$ 4,967</u>
Budgeted Cash Balance	<u>909</u>	<u>909</u>		
Total Revenue And Cash	<u>\$ 11,859</u>	<u>\$ 11,859</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 10,950	\$ 11,875	\$ 6,314	\$ 5,561
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>10,950</u>	<u>11,875</u>	<u>6,314</u>	<u>5,561</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 10,950</u>	<u>\$ 11,875</u>	<u>6,314</u>	<u>\$ 5,561</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(331)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (331)</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Lincoln County Transit Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental	\$ 173,000	\$ 173,000	\$ 144,768	\$ 28,232
Charges for Services	48,000	48,000	21,148	(26,852)
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>221,000</u>	<u>221,000</u>	<u>165,916</u>	<u>\$ 1,380</u>
Budgeted Cash Balance	<u>462</u>	<u>462</u>		
<b>Total Revenue And Cash</b>	<u>\$ 221,462</u>	<u>\$ 221,462</u>		
<b>EXPENDITURES</b>				
General Government	\$ 276,510	\$ 279,599	\$ 132,642	\$ 146,957
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>276,510</u>	<u>279,599</u>	<u>132,642</u>	<u>146,957</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	(14,992)	(14,992)
<b>Total Expenditures And Other Financing Sources</b>	<u>\$ 276,510</u>	<u>\$ 279,599</u>	<u>147,634</u>	<u>\$ 161,949</u>
<b>Total Revenues (Expenditures and Other Financing Sources and Uses)</b>			<b>18,282</b>	
Reconciliation to GAAP Basis				
Changes in Accrued Payroll			114	
Changes in Payables			-	
<b>Excess (Deficiency) of Revenues over expenditures</b>			<u>\$ 18,396</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 Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental	\$ 7,940	\$ 7,940	\$ 7,895	\$ 45
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<b>7,940</b>	<b>7,940</b>	<b>7,895</b>	<b>\$ 45</b>
Budgeted Cash Balance	-	-		
<b>Total Revenue And Cash</b>	<b>\$ 7,940</b>	<b>\$ 7,940</b>		
<b>EXPENDITURES</b>				
Public Safety	\$ 7,940	\$ 7,940	\$ 7,894	\$ 46
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>7,940</b>	<b>7,940</b>	<b>7,894</b>	<b>46</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
<b>Total Expenditures And Other     Financing Sources</b>	<b>\$ 7,940</b>	<b>\$ 7,940</b>	<b>7,894</b>	<b>\$ 46</b>
<b>Total Revenues (Expenditures and Other Financing Sources and Uses)</b>			<b>1</b>	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
<b>Excess (Deficiency) of Revenues over expenditures</b>			<b>\$ 1</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)**  
**Street Improvement Fund**  
**For The Year Ended June 30, 2014**

	<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>156,546</u>	<u>156,546</u>		
Total Revenue And Cash	<u>\$ 156,546</u>	<u>\$ 156,546</u>		
<b>EXPENDITURES</b>				
Highways and Streets	\$ 40,000	\$ 40,000	\$ 19,537	\$ 20,463
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	40,000	40,000	19,537	20,463
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>5,004</u>	<u>111,548</u>	<u>111,548</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 34,996</u>	<u>\$ (71,548)</u>	<u>(92,011)</u>	<u>\$ 20,463</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			92,011	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 92,011</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 Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 13,904	\$ 13,904	\$ 13,304	\$ 600
Miscellaneous	-	-	-	-
Total Revenue	<u>13,904</u>	<u>13,904</u>	<u>13,304</u>	<u>\$ 600</u>
Budgeted Cash Balance	<u>2</u>	<u>2</u>		
Total Revenue And Cash	<u>\$ 13,906</u>	<u>\$ 13,906</u>		
<b>EXPENDITURES</b>				
Highways and Streets	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(13,904)</u>	<u>(13,904)</u>	<u>(13,304)</u>	<u>600</u>
Total Expenditures And Other Financing Sources	<u>\$ 13,904</u>	<u>\$ 13,904</u>	<u>13,304</u>	<u>\$ (600)</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			42	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 42</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 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	\$ 70,858	\$ 70,858	\$ 70,858	\$ -
Miscellaneous	-	-	-	-
Total Revenue	<u>70,858</u>	<u>70,858</u>	<u>70,858</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>15,024</u>	<u>15,024</u>		
Total Revenue And Cash	<u>\$ 85,882</u>	<u>\$ 85,882</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 39,711	\$ 52,110	\$ 46,908	\$ 5,202
Capital Outlay	<u>31,147</u>	<u>26,147</u>	<u>20,739</u>	<u>5,408</u>
Total Expenditures	<u>70,858</u>	<u>78,257</u>	<u>67,647</u>	<u>10,610</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 70,858</u>	<u>\$ 78,257</u>	<u>67,647</u>	<u>\$ 10,610</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			3,211	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 3,211</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 Fund**  
**For The Year Ended June 30, 2014**

	<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>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			-	
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 Fund**  
**For The Year Ended June 30, 2014**

	<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	-	-	-	-
Total Revenue	<u>24,200</u>	<u>24,200</u>	<u>24,200</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>2,209</u>	<u>2,209</u>		
Total Revenue And Cash	<u>\$ 26,409</u>	<u>\$ 26,409</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ -	\$ 111	\$ 111	\$ -
Capital Outlay	<u>24,200</u>	<u>24,089</u>	<u>21,263</u>	<u>2,826</u>
Total Expenditures	<u>24,200</u>	<u>24,200</u>	<u>21,374</u>	<u>2,826</u>
<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>\$ 24,200</u>	<u>21,374</u>	<u>\$ 2,826</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			2,826	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 2,826</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 Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 187,500	\$ 187,530	\$ 169,912	\$ 17,618
Miscellaneous	-	-	-	-
	<u>187,500</u>	<u>187,530</u>	<u>169,912</u>	<u>\$ 17,618</u>
Total Revenue				
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	\$ 23,250	\$ 23,250	\$ 19,300	\$ 3,950
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
	<u>23,250</u>	<u>23,250</u>	<u>19,300</u>	<u>3,950</u>
Total Expenditures				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(128,750)</u>	<u>(138,750)</u>	<u>(136,961)</u>	<u>1,789</u>
Total Expenditures And Other Financing Sources	<u>\$ 152,000</u>	<u>\$ 162,000</u>	<u>156,261</u>	<u>\$ 2,161</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			13,651	
Reconciliation to GAAP Basis				
Changes in Receivables			(6,437)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 7,214</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 Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
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	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
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 Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 128,155	\$ 128,155	\$ 127,516	\$ 639
Miscellaneous	-	-	-	-
Total Revenue	<u>128,155</u>	<u>128,155</u>	<u>127,516</u>	<u>\$ 639</u>
Budgeted Cash Balance	<u>109,428</u>	<u>109,428</u>		
Total Revenue And Cash	<u>\$ 237,583</u>	<u>\$ 237,583</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)			87,516	
Reconciliation to GAAP Basis				
Changes in Receivables			(850)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 86,666</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 Grant Fund**  
**For The Year Ended June 30, 2014**

	<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	\$ 246,511	\$ 63,647
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	310,158	310,158	<u>246,511</u>	<u>\$ 63,647</u>
Budgeted Cash Balance	<u>16,604</u>	<u>16,604</u>		
Total Revenue And Cash	<u>\$ 326,762</u>	<u>\$ 326,762</u>		
<b>EXPENDITURES</b>				
Capital Outlay	\$ 331,390	\$ 340,337	\$ 259,451	\$ 80,886
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	331,390	340,337	259,451	80,886
<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>\$ 311,390</u>	<u>\$ 320,337</u>	<u>239,451</u>	<u>\$ 80,886</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			7,060	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expendi			<u>\$ 7,060</u>	

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



**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Colonias Grant Fund**  
**For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
CDBG Grant	\$ 773,600	\$ 773,600	\$ 133,279	\$ 640,321
Loan Proceeds	85,940	85,940	40,771	(45,169)
Total Revenue	859,540	859,540	<u>174,050</u>	<u>\$ 595,152</u>
Budgeted Cash Balance	-	-		
Total Revenue And Cash	<u>\$ 859,540</u>	<u>\$ 859,540</u>		
<b>EXPENDITURES</b>				
Capital Outlay	\$ 945,480	\$ 945,480	\$ 174,050	\$ 771,430
Miscellaneous	-	-	-	-
Total Expenditures	945,480	945,480	174,050	771,430
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 855,480</u>	<u>\$ 855,480</u>	<u>84,050</u>	<u>\$ 771,430</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			90,000	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 90,000</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**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	\$ 113,573	\$ 113,573	\$ 93,141	\$ 20,432
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<b>113,573</b>	<b>113,573</b>	<b><u>93,141</u></b>	<b><u>\$ 20,432</u></b>
<b>Budgeted Cash Balance</b>	<b><u>89,863</u></b>	<b><u>89,863</u></b>		
<b>Total Revenue And Cash</b>	<b><u>\$ 203,436</u></b>	<b><u>\$ 203,436</u></b>		
<b>EXPENDITURES</b>				
Debt Service-Interest	\$ 47,756	\$ 47,756	45,716	\$ 2,040
Debt Service -Principal	47,000	47,000	47,000	-
Debt Administration	<u>5,135</u>	<u>5,135</u>	<u>3,892</u>	<u>1,243</u>
<b>Total Expenditures</b>	<b>99,891</b>	<b>99,891</b>	<b>96,608</b>	<b>3,283</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
<b>Total Expenditures And Other Financing Sources</b>	<b><u>\$ 99,891</u></b>	<b><u>\$ 99,891</u></b>	<b><u>96,608</u></b>	<b><u>\$ 3,283</u></b>
<b>Total Revenues (Expenditures and Other Financing Sources and Uses)</b>			<b>(3,467)</b>	
<b>Reconciliation to GAAP Basis</b>				
Changes in Receivables			-	
Changes in Payables			-	
<b>Excess (Deficiency) of Revenues over expenditures</b>			<b><u>\$ (3,467)</u></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)  
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	\$ 771,500	\$ 839,628	\$ 834,629	\$ 4,999
Taxes	540,000	680,000	526,697	153,303
Deposits Received	3,400	4,500	4,460	40
Other	-	159,400	100,257	59,143
	<u>1,314,900</u>	<u>1,683,528</u>	<u>1,466,043</u>	<u>\$ 217,485</u>
Total Revenue				
Budgeted Cash Balance	<u>1,725,656</u>	<u>1,725,656</u>		
Total Revenue And Cash	<u>\$ 3,040,556</u>	<u>\$ 3,409,184</u>		
<b>EXPENDITURES</b>				
Personnel Services	\$ 437,836	\$ 478,803	427,899	\$ 50,904
Operating Expense	703,293	684,650	511,758	172,892
Capital Outlay	181,456	181,456	108,890	72,566
Loan Payments	37,881	37,881	34,208	3,673
Deposit Refunds	2,000	3,265	-	3,265
	<u>1,362,466</u>	<u>1,386,055</u>	<u>1,082,755</u>	<u>303,300</u>
Total Expenditures				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 1,432,466</u>	<u>\$ 1,456,055</u>	<u>1,152,755</u>	<u>\$ 303,300</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			313,288	
Reconciliation to GAAP Basis				
Changes in Receivables			(1,566)	
Changes in Inventory			(6,948)	
Reclass Capital Outlay			25	
Relclass Loan Proceeds			(15,940)	
Current Year Depreciation			(175,160)	
Changes in Accounts Payable			(1,186)	
Reclass Debt Service			16,079	
Changes in Accrued Payroll			(307)	
Changes in Accrued Compensation			2,659	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 130,944</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Sales of Service	\$ 180,000	\$ 184,750	\$ 184,750	\$ -
Taxes	52,776	52,776	49,897	(2,879)
Other	<u>9,000</u>	<u>9,183</u>	<u>9,183</u>	<u>-</u>
Total Revenue	241,776	246,709	<u>243,830</u>	<u>\$ (2,879)</u>
Budgeted Cash Balance	<u>38,288</u>	<u>38,288</u>		
Total Revenue And Cash	<u>\$ 280,064</u>	<u>\$ 284,997</u>		
<b>EXPENDITURES</b>				
Operating Expense	\$ 266,776	\$ 286,660	\$ 266,134	\$ 20,526
Capital Outlay	-	-	-	-
Deposit Refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	266,776	286,660	266,134	20,526
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 241,776</u>	<u>\$ 261,660</u>	<u>241,134</u>	<u>\$ 20,526</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			2,696	
Reconciliation to GAAP Basis				
Changes in Receivables			24	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 2,720</u>	

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, 2014

Institution	Financial	Account Name	Account Type	Reconciled Balance	O/S Deposits		O/S Checks		Balance On Deposit 06-30-14	FDIC Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
					Balance	\$	Balance	\$						
Compass Bank		Operations	Non Int Checking	\$ 3,843,154	\$ 1,218	\$ 179,876	\$ 4,021,812	\$ 250,000						
		Museum Credit	Non Int Checking	273,545	-	-	273,545	-						
		CDGB Grant	Non Int Checking	80,349	-	-	80,349	-						
		Grant Other	Non Int Checking	10	-	-	10	-						
		Water Deposit	Int Checking	75,619	-	892	76,511	-						
				<u>4,272,677</u>	<u>\$ 1,218</u>	<u>\$ 180,768</u>	<u>\$ 4,452,227</u>	<u>\$ 250,000</u>						
				4,423										
				<u>\$ 4,277,100</u>										

Petty Cash and Returned Checks  
 Total

**Deposit Security**

Description	ID #	Issue Date	Amount	Maturity Date
FHLB Atlanta Letter of Credit	62582	1/7/2014	\$ 5,000,000	1/7/2015
			<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, 2014, 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, 2014.

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.

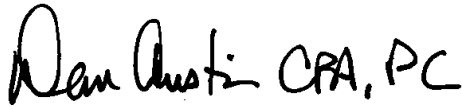
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses 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 prupose.



November 15, 2014



**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
SCHEDULE OF FINDINGS, RESPONSES AND OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2014**

**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:**

**None**

**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 December 1, 2014. Present were Mayor Gary Williams, City Clerk Carol Virden, City Finance Director Mary Castaneda, and Dan Austin, CPA representing the audit firm. The report was discussed as well as other recommendations.